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Attorney General Scott Harshbarger

AGenda:

Consumer Issues

GOVERNMENT DOCUMENTS  
COLLECTION

JAN 31 1996

August 1, 1995

Massachusetts Consumers,

Throughout my administration as your Attorney General, I have consistently pursued new and effective ways to ensure that consumers as a consumer are protected from unfair or unscrupulous retailers, manufacturers and telemarketers.

My Consumer Protection and Antitrust Division is charged specifically with protecting your rights. The division represents more than 200 cases per year, advocates for protective laws and regulations, and scrutinizes large business mergers that may have a negative impact on consumers. Each year we respond to more than 100,000 consumer inquiries. The complaint division of the division works to negotiate fair settlements for consumers who have been unlawfully wronged. It also scrutinizes trends for trends and take action against businesses which appear to have a pattern of deceiving customers.

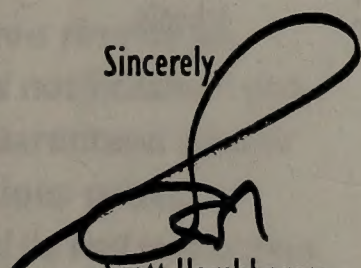
Whether it is safeguarding consumer rights or fighting for restitution for a consumer, my office is on the front line working. As part of my continued effort to serve you better, in June the Consumer Complaint section was moved to a new location.

Our office on Portland Street in Boston can accommodate more consumers and is equipped with upgraded computer and phone designed to take-in and process complaints more efficiently, increasing our capacity to protect and defend you, the consumer.

The creation of this Consumer AGenda is just one more way to alert you of your rights as a buyer, alert you to current scams, and let you posted on what this office is doing to stop illegal actions against consumers. Twice a year, new issues of the newsletter will provide important consumer cases, provide tips to alert you to current scams, and educate you about your rights under the law. We also let you know where you can go for assistance when you are wronged. (See page 11 for a list of consumer programs near you.) Call the office's consumer hotline at 727-8400.)

I hope you will find the Consumer AGenda both interesting and informative. I welcome your suggestions for upcoming issues and we will share this information with other consumers in the area.

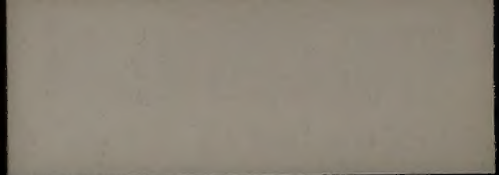
Sincerely,

  
Scott Harshbarger

## INSIDE THIS ISSUE...

AG's Comments on FTC	
Bay State Benefits Case	6
Car Rental Co. Pays 100 Consumers	5
Chase Manhattan Bank Settlement	5
Consumer Cases	9
Credit Card Tips	12
Donating Do's & Don'ts	6
Fair Lending Update	7
Home Buyer Alert	7
Home Improvement Scams	8
Local Consumer Program Directory	11
Merger Watch	2
New Consumer Guides	5
Proposed Telemarketing Trade Rule	4
Student Consumer Education Project	2
Top Ten Consumer Myths	3







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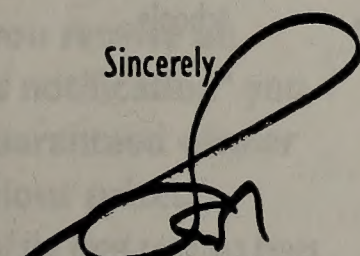
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Fair Lending Update	7
Home Buyer Alert	7
Home Improvement Scams	8
Local Consumer Program Directory	11
Merger Watch	2
New Consumer Guides	5
Proposed Telemarketing Trade Rule	4
Student Consumer Education Project	2
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## **MERGER WATCH** *Attorney General Harshbarger evaluates proposed mergers to answer concerns over prices, jobs, and the availability of health care.*

**What** does the proposed Stop & Shop / Purity Supreme merger have in common with the Harvard Community Health / Pilgrim HMO merger, or Fleet Bank's acquisition of Shawmut Bank, or even the proposed acquisition of MetroWest Medical Center by Columbia/HCA Healthcare Corp., Inc.?

The answer: Their merger, like any large merger or acquisition within the state, is subject to scrutiny by the attorney general in order to protect the business community and consumers from potential market dominance by a single entity.

Earlier this year, the Attorney General reviewed the merger between Harvard Community Health and Pilgrim and, as a result, allowed their merger under several conditions, including the provision of \$4 million in new benefits for consumers and communities. The agreement resolves antitrust concerns over contracts with hospitals and physicians in addition to providing money for violence prevention programs, health care services for members who have lost their jobs, services for the homeless, and AIDS education programs. It also places a freeze on non-group and small group rates for a year.

Currently, the Stop & Shop / Purity Supreme merger, the Fleet Bank / Shawmut Bank merger, and the acquisition of MetroWest Medical Center by Columbia/HCA Healthcare Corp. are being

examined in the same way as the Harvard / Pilgrim merger. Each is being reviewed by the office's Consumer Protection and Antitrust Division for the impact it will have on consumers and the affected communities.

In the case of MetroWest Medical Center, a non-profit hospital which if purchased by HCA/Columbia will become a for-profit medical facility, the AG's office will hold hearings and review issues of fair pricing, community impact, justifiable profit margins, and also resolve the question of how the medical center's charitable interests will be protected.

Stop & Shop's proposed acquisition of Purity Supreme supermarkets is also being scrutinized by the AG's office. Concerns raised are over a potential market dominance. Similar issues are cause for a similar study of Fleet's buyout of Shawmut Bank. Both mergers are currently still under review.

Finally, in another anti-trust matter, Blue Cross and Blue Shield yielded a settlement in which the Blues will pay \$200,000 in response to concerns over the insurer's negotiations with the Berkshire Medical Center. \$175,000 of the settlement monies will go to the Local Consumer Aid Fund.

Watch this newsletter for further updates on these mergers.

## **Student Consumer Education Project**

Starting this fall, the Attorney General's office will begin a pilot program for consumer education at the high school level. The program is the result of a \$10,000 grant from the National Association of Attorneys General Consumer Education Partnership Fund.

The curriculum for the program, which will focus on topics such as retail advertising, consumer credit, used-car purchase and repair law, landlord/tenant law and consumer correspondence with business entities, will be implemented on a demonstration basis in a class at Madison Park High School in Roxbury. The class will be designed to maximize student participation, and will utilize, among other media, videotapes and role-playing exercises. The final two classes will be devoted to a mock trial of a consumer dispute.

In addition to the classroom component of the program, some of the grant money will go toward funding an after-school consumer counseling program available to the students to address their own consumer issues and problems. Upon the pilot program's successful completion, the AG's office will seek additional grants for expansion of the program into other urban high schools.



# The Attorney General's Top Ten List of Consumer Myths

**The top 10 myths - and corresponding facts - are designed to help Massachusetts consumers better understand their rights under the consumer protection laws.**

**1. You have a three-day right to cancel any purchase.**

**FACT:** The three day right to cancel exists only for a limited number of transactions. For the most part, it applies to credit or cash transactions of \$25 or more initiated through face-to-face contact (like door-to-door sales) away from the seller's regular place of business. In Massachusetts, there exists a separate three-day right to cancel time-share purchases, health club memberships and mortgage refinancings.

**2. A store has to give you a refund if you request one.**

**FACT:** In Massachusetts, a seller can have any type of return policy it wants. A seller's refund, return or cancellation policy must be disclosed to the buyer clearly and conspicuously before the transaction is completed.

**3. When you receive an "awards notification" you are a guaranteed winner of fabulous prizes.**

**FACT:** One of the most common types of fraud involves phony prize offers.

Although it is tempting to think you could be a winner, proceed very cautiously. Frequently, these offers end up costing you money. Be on the alert if you are asked to purchase, provide a donation or send an advance payment of taxes, handling fees or other charges.

**4. There is a lemon law that protects you on all big-ticket items you purchase, including used cars not under warranty.**

**FACT:** Almost all states have lemon laws that cover new car purchases. Our state also has a used car lemon law that applies to used cars purchased for \$700 or more from a dealer, as well as a lemon aid law that applies to all used car sales. However, there is no universal lemon law that applies to all big ticket items. Investigate the history of any used product before purchasing it.

**5. When solicited by a charity, almost all the money you contribute must go to the intended charitable purpose.**

**FACT:** Charitable organizations are not obligated to spend a certain percentage on their stated charitable purpose. Charities that hire professionals fund-raisers will have higher overhead costs to meet, so they may spend less on the actual cause. Consumers should ask if the caller is a paid solicitor or a volunteer for the charity and what

percentage of the money will actually go to the charity.

**6. Giving out your credit card number is okay for purposes of identification as long as you do not authorize a charge on your account.**

**FACT:** Using credit cards for identification purposes can turn out to be a costly mistake. Con-artists with access to your card number and expiration date may make unauthorized charges against your card. However, it is acceptable and even recommended to use your credit card for catalogue purchases, travel reservations, or other types of purchases from familiar, established businesses. Using a credit card can help to protect you in the event you have difficulty receiving the product or service.

**7. You have a better chance of winning a publisher sweepstakes when you purchase magazines.**

**FACT:** It is illegal for sweepstakes promotions to require any type of purchase or payment. All entrants, whether purchasing or not, must have the same chance of winning.

*Continued, pg 4*



## AG Harshbarger Comments on the FTC's Proposed Telemarketing Sales Rule

In a June letter to the Federal Trade Commission, the Attorney General made the following comments regarding his concern over a weakened second draft of the FTC's proposed telemarketing sales rule.

"I believe that a uniform, national set of restrictions on the telemarketing industry would be helpful to efforts to safeguard elderly persons in Massachusetts, but only if that set of restrictions were comprehensive, well-informed and detailed. ... I joined with other Attorneys General in submitting a Comment to the FTC on the first draft of the proposed Telemarketing Sales Rule and ...was by and large supportive of the first draft... it held the promise of becoming a genuinely useful government regulation.

"I was dismayed upon receipt of the second draft of the proposed rule, because it reflected a sharp turning back from the clear wisdom of the first draft... The first draft was on target because it recognized inherently deceptive telemarketing practices for what they were; the second draft reflects a lack of confidence in that judgment."

Missing from the second draft are much needed prohibitions against the failure to disclose important details of sales offers such as costs or restrictions of a sales offer or the terms of a seller's refund, cancellation or exchange policy and misrepresentation about how the seller will use information about a consumer's checking, savings or credit card account or the risk / value of any "investment opportunity."

The second draft is also missing essential requirements found in the first which would have created significant restrictions on unfair sales tactics, including requirements to distribute prizes within 18 months of a prize promotion, to disclose the value of a prize and the odds of winning the prize, and for the caller to identify him/herself as being a seller and state the sales purpose of the call immediately.

Furthermore, the second draft creates two exemptions which will create gaping loopholes in the application of the Rule. The first exempts transactions that merely begin with a call but are not completed until a consumer attends a high pressure sales presentation, and the second exempts calls that are made by the consumer in response to a solicitation received in the mail.

The second draft of the Rule would also partially preempt state law, limiting the ability of states to fight telemarketing abuses resulting in injury to vulnerable consumers.

"Please be assured," the Attorney General concluded, "I believe it is a laudable aim to promulgate a Rule to complement and augment the powers of state Attorneys General to protect their citizens from dishonest telemarketers. However, the current draft of the proposed Telemarketing Sales Rule is too general, too weak, and too full of loopholes to accomplish that goal. I urge (the FTC) to return to the clear-sighted, determinedly

effective approach taken in the first draft of the Rule and abandon the see-no-evil approach certain representatives of the telemarketing industry appear to have cultivated within the FTC."

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*Continued from page 3*

**8. People cannot take money directly from your bank accounts without your written authorization.**

**FACT:** Merely giving someone your checking account number may result in their making withdrawals from your account. People can sometimes issue a "demand draft" to your bank, claiming you authorized the withdrawal, and the bank may pay it even though it lacks your signature.

**9. Your credit report is private unless you authorize someone to review it.**

**FACT:** Potential employers, landlords, insurers, and others may also look at your credit report and many actually do.

**10. Advertisements you see or hear in radio, TV, newspapers and magazines are accurate or they would not be in the reputable media.**

**FACT:** There is no government requirement that advertisements be submitted to a governmental agency for advance review. Also, the media generally do not investigate the truth of advertisements and are generally not legally required to do so.



## New Consumer Guides

*Available to the Public*

### Choosing a Health Plan? The 10 Most Important Questions You Should Ask

A guide to help you identify your health care needs as they relate to choosing a health plan.

### Protect Yourself: Essential Information for Seniors

Describes scams targeted at those who have recently lost a loved one. Areas discussed include investment decisions, mortgage refinancing, home improvements, telemarketing, and personal safety.

### The Attorney General's Guide to the Permit Process for Businesses in Massachusetts

Are you, or do you plan to be, a small business owner? This new guide will walk you through the steps of the permit process, helping you to identify the types of permits you may need as well as how to obtain them.

*To obtain a copy of any of the above publications, please call Denise Snyder, (617) 727-2200, ext 2674.*

## Car Rental / Leasing Agent to Pay Restitution to 100 consumers and \$100,000 Penalty for Alleged Deceptive Rental, Leasing and Sales Practices

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A Worcester car rental agent and the car rental companies he operated have agreed to a settlement with the AG's Consumer Protection and Antitrust Division for allegedly deceptive practices in the rental, leasing and sale of motor vehicles.

The settlement orders William Broadbent, the Auto Group, Ltd., Sunshine Daily Rentals, Inc., Auto Rent-Auto Lease of New England and Statewide Leasing, Inc. to pay \$50,000 in restitution to 100 consumers who rented or leased cars from these locations, in amounts ranging from \$41.96 to \$3,225 per person. A civil penalty of \$100,000 must also be paid to the Commonwealth.

The suit filed by the AG's office alleged that Broadbent and the companies misrepresented the daily rental rate of vehicles, imposed undisclosed extra charges for vehicle rental, charged consumers for non-existent damage, made inappropriate charges to consumers' credit cards and misrepresented the condition of vehicles for sale and lease.

In addition to restitution and civil penalties, the defendants are permanently barred from engaging in bait and switch pricing, imposing hidden fees or undisclosed costs, making unauthorized charges to consumers' credit cards and charging consumers for non-existent damages.

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## AG Reaches \$110,000 Settlement with Chase Manhattan Bank

The Attorney General's Consumer Protection and Antitrust Division reached a settlement with Chase Manhattan Bank regarding its debt collection practices. Under the agreement, Chase agreed to comply with the state's debt collection regulations and is required to monitor complaints made by state residents regarding the collection practices of some of the companies Chase retains to collect on accounts.

State regulations limit, among other things, the number of calls that can be made to a debtor at home during any seven-day period.

In addition to the \$110,000 payment to the Local Consumer Aid Fund, Chase will set up a new complaint resolution mechanism to help resolve complaints by Chase consumers.





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## Baystate Benefits Barred From Using Deceptive Soliciting Tactics

The Attorney General's office obtained a preliminary injunction against the Cambridge fund-raiser Baystate Benefits for allegedly deceiving donors by telling them the money being raised was going to a local charity when in fact it was for a Florida-based group.

Baystate Benefits had been soliciting donations for America's Missing Children, Inc., a Florida-based organization. Additionally, Baystate's solicitors also allegedly failed to disclose their status as professional fund-raisers, as required by law, leading potential donors to believe they were employees of the charity. The complaint also alleges that Baystate's solicitors falsely suggested that registration with the Attorney General's office constituted approval by the state.

The order prohibits Baystate from engaging in deceptive activities in its fund-raising.

### Donating Do's and Don'ts

*When you give, use the following tips to give wisely.*

**DO know your charity.** Never give to a charity you know nothing about. Ask for printed materials which state the name, address and telephone number of the charity, and a description of how the charitable funds will be used. Ask whether your donation is tax deductible.

**DO find out where your money goes.** Ask how much of the money goes to the charity. Beware of statements such as "all proceeds go to charity; "the proceeds might not be much after expenses are deducted. Ask for financial statements.

**DO verify the information given.** Call the AG's Division of Public Charities at 617-727-2200, the local police department, or the beneficiaries of the charitable funds for verification.

**DO keep records,** especially receipts and cancelled checks, in case you have a complaint later.

**DON'T be fooled by a name.** Some phony charity names resemble those of legitimate charities.

**DON'T succumb to pressure.** Take time to decide.

**DON'T pay by cash.** Pay by check, and make it out to the charity, not the fund-raiser. Seek identification from any fund-raiser who comes to your door. Consider mailing your check directly to the charity.

**DON'T be lured by "goodies."** Household products and tickets to events can be legitimate fund-raising tools, but they do add extra costs.



## Harshbarger and Mass Bank Association Issue Progress Report on Fair Lending Initiative

In May, the Attorney General and the Massachusetts Bank Association (MBA) reported on progress made in the first year following the signing of a model fair lending agreement.

Since the signing of the agreement, the MBA has established seven task forces which have identified consumer needs, developed action plans, and taken significant steps to begin to remedy fair lending and access barriers identified by the agreement.

To date, over 1,300 Massachusetts bankers have attended a variety of educational conferences focused on fair lending.

### Additional areas of accomplishment:

- ◆ recruitment and training of minority loan specialists - over 100 students have completed training and have been hired or are in the application process;
- ◆ consumer education - programs in eight urban areas have been held and materials are being published in eight foreign languages;
- ◆ compensation arrangements relevant to lending practices - industry seminar held regarding alternatives to ensure compensation plays no discriminatory role in mortgage lending;
- ◆ methods for reviewing and amending adverse loan decisions - methods have been put forth in a conference attended by 130 bankers and in a "best practices" guide, including second reviews of provisionally declined applications; and,
- ◆ the encouragement of bank self-testing in a forum attended by 125 bankers.

## Home Buyer Alert: New Mortgage Points Law May Mean More Expense for Buyers

A new mortgage points law which took effect in March can have a significant impact on the amount of money consumers pay for a mortgage. As of March 27, lenders can legally charge any number of points and similar fees for mortgage loans as long as the charges are previously disclosed in writing. Prior state law limited lenders' charges to no more than two points, or one point plus the cost for selling the loan on the secondary market. A point equals one percent of the loan principal.

In addition, the new law allows lenders to charge their borrowers "interest rate buydowns" under which the interest rate will be reduced in exchange for one or more points. Points can also be financed as opposed to being paid for up-front in cash. If this option is exercised the buyer should be aware that the financing will affect the loan's Annual Percentage Rate (APR).

Consumers are advised to take the following steps to protect themselves and their homes when applying for a mortgage:

- Shop for a mortgage loan just as you would any large ticket item; compare prices, quality, and efficiency of service; get recommendations from people you trust.
  - Find out specifically as possible what mortgage loan terms the lender is willing to offer you; make sure you understand the terms; get the offer in writing.
  - If you don't like the offer, ask for better terms or see if a different broker or lender can give you a better deal.
- Don't be afraid to ask questions and demand straight answers.

## Consumer Problem? Consumer Complaint?

**Call your Local Consumer Complaint Office  
for assistance.**

Local Consumer Complaint Offices are funded in part by the Attorney General's office and have been established to assist Massachusetts consumers in obtaining fair and equitable results when they have been unlawfully treated by retailers, manufacturers, telemarketers and the like.

**See Page 11 for a directory of locations and contact the one nearest you for assistance.**



## Home Improvement Scams

Spring, summer and fall are excellent seasons to get home improvement projects completed. These seasons, however, are also prime times for home repair scams as con artists entice vulnerable consumers with affordable, quick fixes which seldom turn out to be either quick or affordable.

The AG's office has been aggressive in its investigation of home improvement scam artists. In June, a Lowell roofing contractor from Boston Slate and Coppersmith was arraigned on charges that he allegedly stole more than \$43,000 from an 89-year-old Somerville woman and a Cambridge family. In the first case, the contractor accepted a series of checks totalling \$26,000 for work promised but never provided, disappearing after the final payment. In the second case, he took \$17,500 from a Cambridge family for work valued at only about \$6,000. He allegedly misrepresented that he was a licensed contractor in Massachusetts. If convicted on both counts, the defendant faces up to 10 years in state prison.

Also in June, a contempt of court action was filed against Springfield home improvement and security systems contractors for violating the terms of a preliminary injunction. The two contractors allegedly used high-pressure sales tactics to sell home security systems and replacement windows and doors to vulnerable consumers, and installed

faulty systems. The injunction barred the two from performing any home improvement work in Massachusetts until they obtain a valid certificate of registration from the State Board of Building Regulations and Standards. AG Harshbarger is also seeking a \$10,000 civil penalty for each violation of the injunction and an order prohibiting the contractors from home improvement

contracting in Massachusetts for five years.

Finally, two Central Massachusetts contractors were also barred from doing further work in the state until they register with the State Board of Building Regulations and Standards. Each contractor was ordered to pay a civil penalty in the amount of \$5,000 and an additional \$576 for the cost of the prosecution.

### Follow these tips when considering a contractor for home repairs or improvements:

- Get three estimates before selecting a contractor;
- Make sure the contractor is registered with the Board of Building Regulation and Standards at (617) 727-8598;
- Have the contractor put into writing the specific work that will be undertaken;
- Pay little in advance, and not more than one-third of the total cost of the work;
- Ask for and check three references for the contractor, and;
- Check with the AG's Complaint Section at (617) 727- 8400 or your local consumer program (see page 11 for listing) regarding whether the contractor has been the subject of past complaints.





## CONSUMER CASES

### **Rent-A-Center, Inc. to Give \$85,000 in Merchandise to Charities as part of Court Settlement**

Rent-A-Center, Inc., the state's largest rent-to-own firm, was accused of failing to sterilize mattresses intended for re-use as required by state law and violating state debt collection regulations. As part of the settlement, RAC has agreed to pay \$85,000 to charitable organizations which serve the communities in which its stores are located. RAC operates 37 stores throughout the state, predominately in urban areas. RAC will also pay \$3,000 to consumers who accused the company of unfair collection tactics.

The agreement also requires RAC to refrain from failing to sterilize mattresses intended for re-use, permanently refrain from engaging in a number of unfair collection tactics, pay a \$10,000 civil penalty to the Commonwealth, and pay \$5,000 towards the AG's costs of the investigation.

### **Lifetime Nutrition to Pay \$125,000 for Alleged Make Money At Home Scheme**

The Framingham-based Lifetime Nutrition, Inc. has agreed to pay \$125,000 in penalties and restitution in a settlement of claims that they conducted a phony make-money-at-home scheme that allegedly victimized thousands of consumers in all 50 states, including

approximately 400 state residents.

The company allegedly mailed solicitations promising lucrative compensation for stuffing envelopes at home and failed to honor that promise or to provide refunds. In all, 27,000 individuals paid \$39 advance fees in response to a solicitation that said they could earn up to \$600 per week, and promising \$1 for each envelope stuffed.

In reality, consumers were told to distribute marketing materials on Lifetime's products and were compensated only if people responded to the materials by sending in a dollar for samples. In addition, consumers complained they never received refunds, despite a money-back guarantee from the company.

Lifetime is now permanently barred from operating any such "business."

### **Reebok Settlement of \$9.5 Million for Alleged Price-Fixing Scheme**

A \$9.5 million multi-state settlement has been reached with Reebok for the alleged violation of state and federal antitrust laws. The states allege that Reebok International Ltd., a Massachusetts-based corporation, entered into illegal price-fixing agreements with retailers. Reebok allegedly obtained agreements with certain retailers to fix prices pursuant to

a strict pricing policy and coerced other retailers to adhere to the terms of the price policy in violation of state and federal antitrust laws.

Pending court approval, Massachusetts will receive approximately \$188,000 of the total settlement to be used for the improvement or provision of athletic facilities, equipment, and services used by public or non-profit groups. Each state involved will also receive \$2,000 for investigative costs and attorneys' fees.

### **Boston Scandals Customers to Receive Total of \$110,000 Restitution**

Consumers who did business with Boston Scandals, a now-defunct furniture chain, will receive \$110,000 in lost deposits and money for furniture never delivered as the result of that company's settlement with the AG's office.

The Attorney General's office received more than 100 calls from consumers complaining about the company's failure to deliver furniture and return deposits. The office will be notifying eligible consumers shortly. Consumers who think they may be eligible for refunds may call the AG's consumer hot line at (617) 727-8400.



(More cases, next page )



## **Diversified Resorts to Cease Alleged Unfair and Deceptive Business Practices**

Diversified Resorts, Inc. of Centerville, has agreed to pay \$35,000 in restitution and costs to the state, in addition to ceasing alleged unfair and deceptive practices, in its settlement with the Attorney General's office.

The company allegedly offered vacation prizes to consumers with substantial strings attached. In specific, Diversified allegedly lured people to view time shares at their Oak n' Spruce Resort in Lee with misleading telemarketing practices. According to the investigation, the company called people and told them they would win free plane tickets to Orlando, Fla., if they agreed to visit the Lee resort and listen to a sales pitch. The complaint states that in most cases the free tickets were either not free, in some cases costing consumers up to \$200, or were free only if the consumers booked their stay at specific hotels.

The settlement requires the company to fully disclose the conditions attached to prizes as well as disclose the market value of prizes. Restitution monies will be used to reimburse individuals caught in the telemarketing ploy. An additional \$5,000 will be paid to the AG's Local Consumer Aid Fund.

## **Price-Gouging Ticket Brokers Pay Nearly \$40,000 in Penalties**

Eleven ticket brokers who allegedly charged outrageously high fees for concerts, sporting events and theater show tickets were ordered to pay a total of nearly \$40,000 in penalties.

The brokers were all involved in a sting operation last year, in which AG investigators caught brokers selling tickets for as much as 438 percent more than they paid for them. By law, ticket brokers can only charge \$2 above face value of a ticket, as well as a charge for certain costs in acquiring the tickets.

The eleven ticket brokers bought tickets from AG investigators at face value, and then, in some cases, only moments later resold the same tickets at a mark-up of as much as 438 percent. Brokers involved in the sting sold tickets to rock concerts as well as Patriots games and performances for Phantom of the Opera.

The judgments against the brokers will also prohibit them from charging illegal mark-ups in the future.

## **Multi-State Settlement Reached with Eight Airlines**

Massachusetts' state and municipal governments will realize savings for taxpayers as the result of a \$40 million nationwide settlement of price-fixing allegations against eight major airlines.

The settlement means that travelers on official government business will receive

a 10 percent discount for flights on Alaska, American, Continental, Delta, Northwest, TWA, United and USAir airlines and their commuter carriers. The discount is good for 18 months or until the \$40 million limit is reached.

The airlines allegedly used their central computer reservation systems to send signals to each other about raising and lowering fares, cancelling potential offers if other airlines didn't match the fares. States alleged that this amounted to a conspiracy to fix prices.

The settlement agreement was negotiated with the airlines by the Airline Working Group of the National Association of Attorneys General.

## **Horizon Healthcare to pay \$80,000 Settlement**

### ***Delaware firm allegedly mis-handled patient discharges.***

Horizon Healthcare Corp., which operates seven Greenery nursing homes in the state, has reached a settlement with this office which prohibits all Greenery nursing homes from discharging or transferring residents without first complying with state and federal regulations.

The AG's office was contacted by the Department of Public Health's Division of Health Care Quality following the death of a Greenery resident. The death, which was labeled a suicide by police, followed shortly after the resident was allegedly transferred from the Middleborough facility against his will.

Horizon will pay a \$50,000 civil penalty as well as spend \$30,000 in funding for three educational seminars state and federal laws relating to transfers and discharges.



# *Clip and Save* Local Consumer Program Resource Directory

**BERKSHIRE COUNTY**

Berkshire County Consumer  
Advocates, Inc.  
150 North Street  
Pittsfield, MA 01201  
(413) 443-9128

**BROCKTON**

Bentley Consumer Action Line  
Lindsay Hall  
Bentley College  
175 Forest Street  
Waltham, MA 02154  
(800) 273-9494

**CAMBRIDGE / BOSTON**

Cambridge Consumers' Council  
831 Massachusetts Avenue  
Cambridge, MA 02139  
(617) 349-6150 (Cambridge)  
(617) 349-6153 (Boston)

**CAPE COD**

Consumer Assistance Council, Inc.  
572 Main Street, #H-4  
West Yarmouth, MA 02673  
(508) 771-0700

**FALL RIVER**

Consumer Service Office  
Fall River Community Development Service Center, Inc.  
102 County Street  
Fall River, MA 02723  
(508) 679-8111

**FRANKLIN COUNTY**

Consumer Protection Office  
District Attorney's Office  
238 Main Street, 4th Fl.  
Greenfield, MA 01301

**HAVERHILL**

Consumer Protection Program  
Haverhill Community Action, Inc.  
25 Locust Street  
Haverhill, MA 01830  
(508) 373-1971

**LAWRENCE**

Greater Lawrence Community Action, Inc.  
350 Essex Street  
Lawrence, MA 01842  
(508) 681-4990

**LOWELL**

Middlesex Community College  
Law Center  
33 Kearney Square, Room 117  
Lowell, MA 01852  
(508) 656-3342

**MEDFORD**

Medford Consumer Advisory Commission  
90 Main Street  
Medford, MA 02115  
(617) 393-2460

**NEW BEDFORD**

Consumer Assistance Council  
572 Main Street, #H-4  
West Yarmouth, MA 02673  
(800) 867-0701

**NEWTON**

Newton-Brookline Consumer Office  
Newton City Hall  
1000 Commonwealth Avenue  
Newton, MA 02159  
(617) 552-7205

**NORFOLK COUNTY**

Consumer Protection Div.  
Norfolk District Attorney's Office  
360 Washington Street  
P.O. Box 309  
Dedham, MA 02027  
(617) 329-5440 ext. 296

**NORTH WEYMOUTH**

MassPIRG Consumer Action Center  
Whipple Center  
182 Green Street  
North Weymouth, MA 02191  
(617) 335-0280

**REVERE**

Consumer Affairs Office  
Revere City Hall  
281 Broadway  
Revere, MA 02151  
(617) 286-8114

**ROXBURY/DORCHESTER**

Freedom House, Inc.  
14 Crawford Street  
Dorchester, MA 02121  
(617) 445-3434

**METRO WEST**

Consumer Assistance Office of Metro West  
209 West Central Street  
Natick, MA 01760  
(508) 651-8812

**SOUTH SHORE**

Consumer Aid Program  
South Shore Community Action Council  
265 South Meadow Road  
Plymouth, MA 02360  
(508) 747-7575 ext 25 or 26

**SPRINGFIELD**

Consumer Information Center  
P.O. Box 1449  
Springfield, MA 01101  
(413) 263-6515

**WORCESTER**

Consumer Council of Worcester County  
Worcester Community Action Council, Inc.  
484 Main Street, Second Fl.  
Worcester, MA 01608  
(508) 754-1176



## Tips to Protect Your Credit Cards

## Protect yourself from credit card fraud:

- ◆ Don't give your credit card number or expiration date over the phone unless you initiated the call.
  - ◆ Credit card numbers are never needed for "identification" purposes. Terminate the call if you hear that line from a caller.
  - ◆ Never leave your credit cards, receipts or billing statements lying around.
  - ◆ Keep your credit card transaction carbons or rip them up.
  - ◆ Make a list of everything you carry in your wallet, including credit card numbers. Keep this list separate from your wallet or purse.
  - ◆ If your card is lost or stolen, report it immediately.
- ◆ Save your receipts and check them against your monthly statement.
  - ◆ Don't give personal information when using your credit card at a store. A customer's address, phone number or license is not required as terms for using the card for payment.
- 
- Shopping for a new credit card? Beware - if a deal sounds too good to be true, it probably is. Always read the fine print. Keep in mind that if a card offers an incentive, it may come at a higher interest rate than a card with no frills.

**Shopping for a new credit card? Beware - if a deal sounds too good to be true, it probably is. Always read the fine print. Keep in mind that if a card offers an incentive, it may come at a higher interest rate than a card with no frills. Choose a credit card plan that best fits your long term needs.**

## Consumer Complaint Hotline

**The Office of the Attorney General has an established hotline for consumers to call should they need assistance regarding their rights as a buyer.**

**If you feel you have been unlawfully  
treated in the course of a purchase  
transaction, call:**

**(617) 727-8400**

**or refer to page 11 of this newsletter for a consumer complaint office near you.**

## Office of the Attorney General



## One Ashburton Place

**Boston, MA 02108**



MASS. AG 1.5/5: 995/DEC ✓

# AGenda:

Update from Attorney General Scott Harshbarger

December 1, 1995

Consumer Issues

Dear Massachusetts Consumer:

The winter months provide consumers with holiday sales, winter clearances, and year-end deals in which to find money saving opportunities on nearly every item imaginable. Yet, under the guise of such legitimate deals offered this time of the year are often scams devised to con the vulnerable or uninformed shopper.

*If it sounds too good to be true, it probably is.*

This bit of advice applies not only to bargain hunters responding to retail deals, television ads, or telemarketing callers, but also to the many who donate to charities this time of year. Con artists are out in full force over the holiday season preying on the vulnerable, the kind of heart, and the ill-informed. Deciphering sale from scam, deal from deception, or bargain from bamboozle means using common sense, taking time to make reasoned decisions, and not being pressured into anything about which you have doubts.

As your Attorney General, I have been working with my staff to create safeguards against potential scams and enforce legislation to increase penalties for those who would violate such safeguards. Educational efforts such as this newsletter and the upcoming Consumer University are designed to further inform individuals as to their rights as consumers. The better educated consumers are about fraud, how to avoid it, and the options available should they become victims, they better off they will be.

Yet, this newsletter goes beyond shopping tips and scam alerts. Inside, you will find timely information on the current mergers between Stop & Shop and Purity and also Fleet Financial Group and Shawmut Bank. And, before you plan your winter vacation or fulfill your New Year's resolution to get into shape, make sure you read about the important proposed regulations for the travel and health club industries. In both cases, I am proposing new regulations that will help to protect you in your purchase.

Updates on homeowners' and health insurance as well as on contracting scams will provide an overview of the progress being made on those fronts. A guide on how to protect children over the holiday season offers a simple reminder of the dangers that exist for our youth during these months and offers suggestions on how to keep your children safe from harm.

Happy holidays and best wishes for a safe and healthy New Year!

Sincerely,

Scott Harshbarger



## Inside this Issue...

Charitable Giving	2
Check Cashing Companies Sued	10
Consumer Cases:	
Elite Systems, Inc.	2
Bally's Health Spas	4
InfoAccess	6
Merck & Co. and Medco	10
Nat'l Awareness Foundation	12
Telebrands Corp.	4
Consumer Tips	7
Recovery Companies	7
Rent-To-Own	7
Consumer University	10
Contracting Scams	9
Deceptive Advertising	11
Health Club Legislation	4
Insurance Update	6
Health Insurance Protection	6
Homeowners Insurance	6
Insurance Hotline	6
Mall Scam Alert	2
Merger Watch:	3
Stop & Shop / Purity	3
Fleet / Shawmut	3
Protecting Your Children	
During the Holidays	8
Tobacco Sting	5
Travel Industry Regulations	5



## CHARITABLE GIVING: GIVE BUT GIVE WISELY

While the topic is not a new one, in this season of holiday giving the timely warning does bear repeating: When giving your hard-earned money to a charity, please take measures to protect yourself from fraud. In the midst of numerous legitimate and worthy causes lurk many unscrupulous individuals who try to make money off of the good intentions of kind-hearted people.

Three questions to ask to protect yourself:

- ✿ Who is asking for the money?  
Fraudulent companies often use sound-alike names that confuse potential givers. Make sure that the charity is legitimate.
- ✿ How will the money be used? Find out how much of your money will go to fund raising and how much will go to the purported program you are being asked to support.
- ✿ Can you get literature on the charity? Take your time to make a decision. Request materials that can further detail the organization's mission. Red flags should go up if the salesperson is coercive or tries to put pressure on the donor to give right away.

High pressure tactics and the insistence on collecting your donation immediately are tip-offs that the request may be fraudulent. Never pay with cash; instead, write a check or send a money order.

Giving to a charity is a voluntary act and donors should only give to charities with which they feel comfortable. Donors can also call the Attorney General's Division of Public Charities (617-727-2200 ext. 2101) to see if an organization is registered to solicit in the state.

## MALL SCAM ALERT!

The Office of the Attorney General, together with the Massachusetts Retailers Association, alerts consumers to a scam that is very popular this time of year. The scenario goes like this:

You are walking through your area mall and are approached by someone who appears to be a salesperson. He tells you that "Department Store X" has a surplus of television sets they are selling for a steep discount - 75% off. He tells you the T.V.s are being sold directly off the loading dock around the back of the store and you can go there to purchase yours. In order to secure your set, you must first give him a \$50 cash deposit. You give this man the money, drive your car to the loading dock and find that there are no televisions for sale and that you have just been swindled out of your hard-earned \$50.

This scenario is very common around the holidays and comes in many different forms. The con-artist may be male or female; he or she may dress like a salesperson, a loading dock worker, or an average citizen. The item could be anything from a T.V. to a stereo to a VCR or microwave. The store in question can be any store at all and might be located in a mall, plaza, or stand-alone facility.

Stay away from any situation that sounds similar to the scene above. Take no chances - walk away from the "deal." Furthermore, if you are approached by someone offering such a "deal," alert management or security so that others will not fall prey to such a scam.

*\* If a deal sounds too good to be true, it most likely is. \**

## FRANKLIN FUNDRAISER FINED \$125,000 FOR FRAUDULENT SOLICITATION

Elite Systems, Inc., its president and two employees were permanently barred in October from fundraising and charitable activity in Massachusetts and must pay fines totalling \$125,000 for their fraudulent activities.

The Franklin-area fundraising company's employees allegedly masqueraded as inspectors with the Registry of Motor Vehicles, the State Fire Examiner's office and local fire departments. They falsely represented that donors' contributions would benefit local school programs for drug and alcohol awareness and fire prevention.

The fundraisers were allegedly not authorized to raise money for any charitable organization or purpose, failed to disclose their for-profit status and misappropriated the funds collected for their own personal benefit. It was also alleged that the fundraisers suggested that potential donations would lead to favorable treatment during fire inspections and threatened reprisals if donations were not made.



## MERGER WATCH...

### AG Harshbarger and FTC Approve Stop & Shop / Purity Supreme Merger *Agreement Requires Stop & Shop to Divest 17 Stores to Protect Fair Competition*

In November, Attorney General Harshbarger gave his approval to Stop & Shop's proposed acquisition of the Purity Supreme supermarket chain. The agreement comes under the condition that Stop & Shop sell off 17 stores in areas where competition would be threatened by the merger. The Federal Trade Commission concurrently entered into a similar agreement with Stop & Shop.

Under the agreement, Stop & Shop will acquire Purity Supreme's 47 stores in Massachusetts but must sell 16 of those, plus one Stop & Shop, to its competitors. The divestiture was required by the Attorney General in an attempt to protect working families from the higher food prices that might be imposed by a supermarket monopoly.

The agreement also includes provisions designed to encourage a continued presence by Stop & Shop in inner-city neighborhoods. Stop & Shop must keep open for three years the Purity Supremes on Geneva Avenue in Dorchester and in Central Square in Cambridge, with the option to sell the stores to a competitor. Stop & Shop must also build a superstore in Jamaica Plain at a site Purity had planned to occupy.

The seventeen stores to be divested by Stop & Shop include seven stores on Cape Cod, Purity stores in Bedford, Brockton, Brookline, Kingston, Marshfield, Medford, Roslindale, Saugus and Weymouth, along with a Stop & Shop in Watertown.

The Attorney General believes the merger will be good for the economy and for consumers, allowing a strong, productive and efficient Massachusetts-based corporation to emerge while protecting consumer rights to an open-market system.

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Denise Snyder, Publications Coordinator, Office of the Attorney General,  
One Ashburton Place, 20th Floor, Boston, MA 02108.  
Or Call (617) 727-2200, ext. 2674.

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City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

### AG Approves Fleet/ Shawmut Merger *\$210 Million in Loans Promised*

In September, Attorney General Harshbarger gave his approval to Fleet Financial Group's merger with Shawmut National Corp. His approval comes with the condition that Fleet make available \$210 million in a new loan program to small businesses and homeowners across the state.

As part of the program, Fleet will provide \$100 million in below-market interest rate loans to small businesses, primarily targeted to help poorer neighborhoods and directed to companies seeking to provide new jobs to the economy. In addition, Fleet will make available:

- \* 75 million in loans under the U.S. Small Business Administration's lending program;
- \* \$15 million for homebuyers who want loans to fix up homes in poorer areas;
- \* A \$10 million revolving loan fund for other rehabilitation of affordable housing;
- \* \$10 million in mortgages for affordable multi-family housing.

Fleet will also be providing \$208 million in loans in Connecticut as part of a similar loan program established with that state's Attorney General.

State and federal law requires bank mergers to serve the convenience and needs of the community. Fleet's agreement will ensure that this very large bank continues to serve the convenience and needs of all communities that it serves, especially low- and moderate-income communities. It is hoped the loan program will create thousands of new jobs and promote economic growth in Massachusetts.



## **HARSHBARGER PROPOSES MAJOR CHANGES IN HEALTH CLUB REGULATIONS**

In August, AG Harshbarger proposed new legislation to protect Massachusetts consumers who purchase health club services, and to provide a level playing field for responsible health club operators.

The bill would, if passed into law, significantly strengthen the regulation of health clubs in the state and includes the following measures:

- replace current bond provision with a requirement that every health club offer month-to-month memberships;
- put a 12-month limit on the length of health club contracts;
- provide consumers with broad rights of cancellation;
- require that all consumer deposits for an as yet unopened health club be placed in an escrow account;
- require that essential information about a health club be conspicuously posted for consumers to see; and
- make every violation of the health club statute a violation of the state Consumer Protection Act as well.

The bill, which is the result of a collaboration between the AG's office and industry representatives, seeks to protect health club consumers by establishing a high level of business conduct in the industry.

## **NEW JERSEY HEARING AID CO. SUED FOR DECEPTIVE SALES TACTICS**

Telebrands Corporation of New Jersey and its president were sued by Attorney General Harshbarger's office for allegedly selling the hearing-aid device "Whisper XL" in Massachusetts without proper federal Food and Drug Administration approvals. Additionally, the company allegedly marketed the device as a technological breakthrough, when it actually could damage a person's hearing.

The complaint filed by the AG's Consumer Protection and Antitrust Division alleges that Telebrands engaged in unfair or deceptive acts by selling a medical device through mail-order and retail sales without first obtaining approvals from the FDA and also by falsely representing that the device is a technological breakthrough. Telebrands claimed that the hearing-aid enables the consumer to hear human speech and other sounds clearly when, in reality, it may damage a person's hearing after continuous use.

Six thousand of the units have been sold in MA at a retail price of \$29.00 each. The complaint seeks to prohibit Telebrands from further advertising or selling the product in violation of state and federal laws that govern the sale of hearing-aid devices. It also seeks restitution for the consumers, as well as civil penalties and costs for the office's investigation. Ten other states have filed similar complaints.

## **Bally's Health Spas to Pay \$300,000 in Penalties, Restitution**

In an agreement reached with the AG's office last October, Bally's health spas must pay \$300,000 in penalties and costs and pay restitution to the hundreds of consumers who complained that Bally's employees used high-pressure sales tactics, unfair debt collection practices and other unlawful practices.

The agreement follows a lawsuit based on more than 1,300 complaints received by the Attorney General's Consumer Complaint Section since January 1989.

Complaints allege Bally's used high-pressure sales tactics, misrepresented consumers' rights to cancel their contracts, failed to process requests by consumers to cancel their memberships and engaged in unfair debt collection practices.

The judgment also requires Bally's to provide simple information to consumers about their cancellation rights; orders Bally's to process consumers' cancellation requests promptly; and, orders the company to cease engaging in business acts that violate state law, including using "bait and switch" advertising techniques, misleading consumers about facilities offered, misleading consumers about their contract obligations and charging consumers' credit cards and debiting their bank accounts without their permission.

Consumers who have filed complaints with the AG's office will receive letters from Bally's informing them of their right to submit their claims to an arbitrator agreed to by Bally's and the AG's office. Bally's will be bound by the remedy proposed by the arbitrator.



## TOBACCO STING REVEALS SAMPLES GIVEN TO MINORS; U.S. TOBACCO ADOPTS NEW SAFEGUARDS AS RESULT

Following a tobacco sting organized by the Attorney General's office last summer, U.S. Tobacco Company has agreed to increase safeguards to prevent free samples of smokeless tobacco from reaching underage youth in Massachusetts. In the sting, U.S. Tobacco was caught mailing smokeless tobacco samples to 22 teenagers through the use of mail-in coupons found in several magazines and on-site displays throughout the state. The minors simply filled out the coupon with accurate information except for the age section, in which each indicated he or she was 18-years-old or older.

Attorney General Harshbarger followed up on the sting operation with a demand letter sent to U.S. Tobacco informing it of the office's intent to sue for civil fines and penalties if an agreement were not reached. The agreement requires U.S. Tobacco to:

- ◆ Not provide a free sample of smokeless tobacco in response to its mail-in coupons unless the person seeking the sample provides a legible photocopy of a valid drivers' license indicating the person is 18-years-old or over;
- ◆ To verify that the person is 18 by using his or her driver's license number in conjunction with commercially available databases that indicate the age of an individual with a particular license number; and
- ◆ Make random telephone calls to Massachusetts residents who receive tobacco products through the mail to ensure they are 18 or older.

U.S. Tobacco has also agreed to pay \$40,000 to the Local Consumer Aid Fund, which funds the consumers programs that mediate consumer disputes.

A study conducted by the state Department of Health determined that smokeless tobacco use among high school students more than tripled from 1987 to 1993. An even greater increase was found among junior high school students, whose use of smokeless tobacco more than tripled over the shorter period of 1990 to 1993.

## HARSHBARGER PROPOSES REGULATIONS FOR TRAVEL INDUSTRY

In an effort to protect Massachusetts consumers, Attorney General Harshbarger has proposed regulations for the travel industry that would stop unscrupulous travel agents from taking advantage of consumers as well as create a more level playing field for responsible travel businesses.

The proposed regulations follow report findings by the AG's office that detail problems within the travel industry. The goal of the new regulations is to produce a fair set of rules that protects consumers and supports legitimate, hard-working travel professionals. Among those proposed:

- ◆ Consumers must be given a ticket or voucher for travel services within one business day of full payment by the consumer;
- ◆ Consumers must be given prompt, complete refunds when a seller of travel services cannot deliver the service that was promised and paid for;
- ◆ Consumers must be provided with a written disclosure statement, prior to acceptance of any payments, which details what services are being purchased, how much they cost, who is providing them, what cancellation or refund policies apply and other essential information; and,
- ◆ No seller of travel services may represent in any manner that particular travel services are available to consumers unless the seller has already contracted to purchase those particular travel services or has a standing arrangement with a

**Continued, page 7**



## **INSURANCE UPDATE...**

### **HEALTH INSURANCE:**

#### **Protection for Employees Whose Employers Fail to Provide Promised Health Coverage**

Frequent complaints from workers who have lost their employer-sponsored group health coverage without their knowledge has spurred Attorney General Harshbarger to issue a new regulation to protect such workers. The new regulation requires insurance carriers to honor medical claims until employees are notified by them of the cancellation of an employer's group coverage due to its failure to pay premiums. Alternatively, it allows insurers to offer continued health coverage to individual workers, retroactive to the date of the group health plan's termination, for which the individuals pay the premium.

The regulation, the first of its kind in the country, ensures that workers will not lose health coverage, or access to coverage, without their knowledge. Until now, many insurers have relied upon employers to notify employees of the cancellation of the health coverage. Because not all employers have followed through on their duty to notify, many employees have been left in the dark believing they have health coverage when they do not.

The regulation, 940 CMR 9.00, was published on November 17, 1995 and becomes effective on March 1, 1996.

Apart from the regulation, the Attorney General has undertaken several initiatives to make employers accountable for their inaction regarding the notification of health coverage cancellation. Over the past year, his Regulated Industries Division has investigated over 100 employers in response to complaints by workers who had incurred medical expenses as a result of lapsed coverage. In the majority of cases, the Division succeeded in negotiating payment of the bills by either the employer or the insurance company.

The Attorney General also has drafted and testified in support of pending legislation (S. 1934) that would make employers and their managers personally liable for failure to pay health insurance premiums when they have withheld money from employee wages for that purpose. Finally, Harshbarger's office and the U.S. Department of Labor have formed a joint initiative to enhance enforcement of Massachusetts and federal laws protecting workers from employers who fail to meet their health care obligations.

### **HOMEOWNERS INSURANCE:**

The Office of the Attorney General conducted an analysis of the availability and affordability of homeowner insurance in urban areas. The analysis confirmed the anecdotal reports that the insurance industry has abandoned urban areas. This information is included in the Attorney General's Special Report on Redlining in the Homeowners Insurance Market, published in July, 1995. The report is available from the Regulated Industries Division.

## **INFOACCESS CASE TO GO TO TRIAL; VICTIMS CHARGED FOR 800 NUMBER CALLS.**

As the result of numerous complaints from consumers who were billed thousands of dollars for 800 numbers, the Attorney General's office filed suit against InfoAccess.; MSI Operator Assist, Inc.; Phone I.D., Inc.; and ATI Operator Assist Inc. The complaint charges these defendants with providing telephone information services - such as sex and psychic information services - through 800 telephone numbers without letting consumers know they were being charged for the calls. Many consumers also stated that they had never made the calls and that the charges were fraudulent.

The defendants tried to have the case thrown out of court on the grounds that the federal, rather than the state government, should be enforcing these laws. The Attorney General had sued because no action was taken on the federal level. The federal district court has ruled that the case may go forward and the AG's office is now gathering crucial information for the trial. This case is the first of its kind and is being followed closely by other states with similar 800 number problems.

### **INSURANCE HOTLINE:**

The Attorney General's office has a consumer hotline that handles insurance issues. In the past year, hot line operators have fielded more than 1,400 phone inquiries and more than 700 consumers have written complaints concerning health, life, homeowner, automobile and disability insurance. Through mediation with insurance companies, Division personnel have recovered over \$600,000 for consumers, many of whom were elderly or had limited financial resources. If you have questions or problems relating to insurance, you can call the AG's Regulated Industries Division at (617) 727-2200.



# CONSUMER TIPS FROM ATTORNEY GENERAL HARSHBARGER...

## RECOVERY COMPANIES

**BEWARE!** If you have lost money to telemarketers in the past, you may be targeted again by so-called "Recovery Companies." These companies promise to help you recover money you lost or the prize you did not receive, but the truth of the matter is that you will pay an even higher price if you respond to the false promises these companies make.

Avoid becoming a victim twice. If you are called by a recovery company, follow these steps to protect yourself from fraud:

- ❖ Hang up the phone.
- ❖ Refuse to make any financial commitments by phone.
- ❖ Do not give out information (social security number, checking account number or credit card number) over the phone.
- ❖ Never agree to have a courier service pick up a check, money order or cash from your home.

It is illegal for telemarketers to call you if you have asked not to be called and calling times are limited to the hours between 8 a.m. and 9 p.m.

## RENT-TO-OWN

If you want to buy a new television set, but can't afford the \$300 ticket price, maybe the \$22.95 a week in a rent-to-own contract sounds more affordable. The low weekly rate sounds enticing, but if that's the choice you make you won't be getting a bargain.

The rent-to-own option can be a good idea for those who want to try out an expensive item before buying it or are without furniture for a temporary period. However, if you are interested in the "owning" end of a rent-to-own deal, there are some drawbacks you need to consider. Payments spread over many months will include a lot of interest -- increasing the price of the item many times over.

Read carefully any rent-to-own contract before signing it. Rent-to-own contracts generally allow little, if any, grace period for payments, and it's easy to miss a payment that must be made every week. You can lose possession of the goods for even a single late payment.

Also, while some companies may provide repairs to the merchandise at no extra cost, others may not. Check to see if a substitute will be provided during repair or if payment can be stopped during the repair period.

If you chose the rent-to-own option, remember that ownership does not take place until the last payment is made. If you make 99 out of 100 payments due, but miss the last one, you may forfeit your right to keep the goods.

## HELP!!

If you have a complaint or seek advice about a telemarketing call or a rent-to-own company, please call the Consumer Hotline at Attorney General Harshbarger's office,

(617) 727-8400.



## Travel Regulations, Continued from page 5

supplier to provide those services to the travel customer.

Public hearings have been held on the proposals, and written comments have been submitted. After reviewing all of the comments submitted, the Attorney General will revise the first draft of the regulations and issue them in final form.

A violation of the regulations would constitute a violation of the Massachusetts Consumer Protection Act. Violators could face a variety of penalties, including fines of up to \$5,000 per violation.





# PROTECTING YOUR CHILDREN FROM INJURIES DURING THE HOLIDAYS...

*The holiday season presents a special set of hazards to young children. To keep your holiday season a safe and happy one, please be alert to the hazards listed below and try to follow the safety tips offered.*

## POISONING:

Emergency room doctors see a dramatic increase in accidental poisonings during the holidays. Among the most common:

-- Alcohol. A half-ounce of alcohol can cause a fall in blood sugar and convulsions in a young child. Supervise children closely when alcohol is being served. Dispose of half-full or discarded containers promptly and lock away all liquor after use. Be especially aware of creamy or fruity cocktails which are enticing to children.

-- Food. Salmonella is a bacterium frequently found in turkeys, chickens and eggs. To guard against salmonella infection, handle raw food carefully, keep workspaces, utensils and hands clean, and be cautious with high-risk, egg-based dishes such as stuffing or homemade eggnog.

-- Holiday Plants. Mistletoe, Jerusalem-Cherry, Yew, Boxwood and Holly are all toxic and can pose serious danger to children if ingested. Keep holiday plants out of the reach of children and caution children about the danger.

-- Wrapping Paper and Decorations. Some wrap is made with lead-based paint and can be harmful if chewed. The same is true of tinsel. Keep children from putting these items in their mouths. Keep them out of reach of children when you are not around.

## CHRISTMAS TREES:

Christmas trees are frequent sources of injuries to kids. In 1993, over 11,000 children suffered tree-related injuries.

--Children often injure themselves from broken or sharp ornaments. Small ornaments, or ornaments with easily-detachable pieces present a special choking hazard; the same is true of pine needles. Injuries have also been caused by children pulling a tree down on top of them.

If you have children, keep small or breakable ornaments near the top of the tree and secure the tree base so it can't be toppled over.

## TOYS:

In 1993, over 150,000 children suffered toy-related injuries. For children's safety:

-- Buy only the toys that are labeled age appropriate for the child.

--Avoid electric toys with heating elements, and toys with sharp edges and points for children under age 8.

--Avoid toys with small parts. The rule of thumb is not to buy toys with parts smaller than the child's fist. A "No Choke Tube" is available in most stores; anything that fits into the tube is unsuitable for children under age 3.

--With gifts such as bikes or skates, always buy the appropriate safety gear, such as helmets or kneepads.

--Examine crib toys for possible strangulation hazards. Toys should not have cords or strings attached that are longer than 6 inches.

--On toy chests and similar items, make sure the lid is light, easily opened and has air holes. A lid that is heavy or slams shut could cause head injury or suffocation.

## CHOKING:

Young children will put almost anything in their mouths, and the holidays may place many unusual, small objects within their grasp. In addition to the tree ornaments and toys noted above, other sources of danger include small "finger-foods" such as nuts, hard candies, and grapes. Watch children closely and make sure foods are placed out of reach when you are through serving them.

## BURN INJURIES:

Menorahs, christmas candles, fireplaces, and colored lights are often part of holiday celebrations. Always keep a close eye on children around potential sources of burn injuries and extinguish all lights and flames when you're not around.

## DRIVING INJURIES:

Make sure children are secured in safety seats or seat belts. Don't drive unnecessarily in dangerous weather conditions. And, of course, refrain from holiday drinking and driving, and make sure the guests at your parties do the same.



## CONTRACTING SCAMS...

Massachusetts Home Improvement Contracting Law requires anybody in the contracting business to be licensed and registered with the Board of Building Regulations and Standards. The requirement covers house painters, siding installers, roofers, carpenters and other kinds of contractors, and more than 19,000 contractors are registered with the Board.

If you have a problem with a contractor, and that contractor is registered, recovering damages - should they occur - is fairly easy. All registered contractors must contribute to a "Guaranty Fund" that is used to reimburse consumers who can prove they are the victims of shoddy work or fraudulent business practices. Consumers in such a situation can file an application with the Executive Office of Consumer Affairs to get access to the Guaranty Fund. The Executive Office of Consumer Affairs phone number is (617) 727-7700.

To check on a contractor's registration before a job is started, call (617) 727-8595. It is a crime for a contractor not to be registered. However, while unregistered contractors face penalties and fines for their crime, if a consumer hires an unregistered contractor, he or she receives no direct protection from the law. To check on a contractor's complaint history or to file a complaint, call the Attorney General's office at (617) 727-8400, or the Board of Building Regulations at (617) 727-8598.

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In October, Attorney General Harshbarger's Consumer Protection and Antitrust Division obtained a preliminary injunction to stop a Malden-area contractor from performing construction or repairs unless he obtained the required licenses and permits to install and remove home heating, cooling or ventilation systems. The owner of Air Temp Engineering and Air Flow Engineering and his employees allegedly exposed consumers to possible carbon monoxide poisoning by improperly installing chimney liners, in violation of the state building code, the Uniform State Plumbing Code and the state Code for Gas Utilization. The suit alleges that the company performed shoddy, careless and unprofessional work in homes in Medford, Everett, Malden, Somerville, Cambridge and Saugus.



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Also in October, a security sales company was ordered closed by the Attorney General's office for failure to obtain the appropriate licenses from the Department of Public Safety. Safe Home Security, Inc. in West Springfield, which allegedly sold security systems since mid-summer without a license, cannot engage in the home security business until the licenses are obtained. The shut down order follows on the heels of a number of recent "home security" scams in the Springfield area that have preyed on elderly and vulnerable citizens. Unlicensed firms in the area have allegedly used high-pressure sales tactics to manipulate sales from homeowners.

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Last summer, a lawsuit was brought by the AG's office against the dealer of pre-fabricated homes for alleged unfair and improper business practices. The suit was filed against Customized Structures of Claremont, N.H., and an agent from Shrewsbury, whose business is Town & Country Modular Homes and alleges that the agent performed shoddy work on or did not

complete construction of the pre-fab structures as promised to seven customers, despite their payment of \$100,000 to \$200,000 for the homes. The agent allegedly made promises to prepare structures for habitation by a certain date aware that he could not complete the work, and allegedly left the houses in uninhabitable and in unsafe condition. Customized Structures allegedly knew of the agent's conduct and allowed it to continue. The Attorney General brought suit after multiple consumers filed complaints with the office.



**Consumer  
Complaint  
Hotline:**

**If you have a consumer  
question or feel you  
have been unlawfully  
treated in the course of  
a purchase transaction,  
call for assistance:**

**(617) 727-8400**



## SCOTT HARSHBARGER'S



Members of the Attorney General's office are currently developing an outreach program to educate elders about criminal and consumer fraud and other related issues of concern.

The program, to be called "Consumer University," will feature a half-day of instruction and a reference manual for participating "students." The course will emphasize the state of mind and key perspectives that will enable elders and others to avoid being victimized. In addition, the office is working to create a videotape designed to better acquaint elders with in-person scams, telemarketing fraud and mail fraud.

The organizing committee hopes to host the first program in May, 1996. Look for your "student application" in the mail this spring.

## NATIONAL SETTLEMENT WITH HEALTH CARE COMPANIES NETS \$1.9 MILLION FOR 17 STATES

### MASSACHUSETTS TO RECEIVE \$115,000

AGs from 17 states, including Massachusetts, reached a settlement last October with Merck & Co., Inc. and Medco Containment Services, Inc., both of New Jersey, that will benefit more than 41 million consumers in those states.

In 1993, Merck, a large pharmaceutical company, acquired Medco. The Attorney General's office alleged that after the merger, Medco altered its cost-containment functions and started marketing Merck prescription drugs as preferred drugs. However, Medco allegedly failed to disclose to doctors and consumers that Medco was affiliated with Merck, in violation of consumer protection laws.

In addition to the \$1.9 settlement, an agreement reached with the health care companies requires the companies' pharmacists to disclose various information to doctors, including:

- \* The name of the Medco pharmacist calling,
- \* The fact that the pharmacist is calling from Medco;
- \* The fact the pharmacy is owned by Merck; and,
- \* The name of the manufacturer of the drug to which the Medco pharmacist is encouraging the doctor to switch the prescription.

The settlement also requires Merck and Medco to substantiate any claims they make that a switch to a Merck drug will save the consumer money. For the next two years, Medco will also distribute consumer information booklets to customers using Medco's mail-order pharmacies. The disclosure steps are meant to assist doctors and consumers in making informed choices.

## CHECK CASHING COMPANIES SUED FOR OPERATING WITHOUT A LICENSE

Last summer, the Attorney General's office sued six separate check cashing companies for allegedly operating without licenses. The companies, four of which are from Lawrence and two from Jamaica Plain, allegedly charged more than \$1.00 for their check cashing services, a fee amount that requires the business to have a license from the state's Division of Banks. The companies are Calling Center, Inc., Colon's Place, Inc., Fiesta Exchange Services, Inc., Fargo's Express, Emilio's Market and Sosa's Furniture, Inc.


Working with the Commissioner of Banks, the AG's office investigated businesses suspected of cashing checks without licenses. In addition to the six suits noted above, the Attorney General entered into settlements with six other check cashing companies for alleged violations of the Division of banks regulations, including failure to post fee schedules, licenses and information on how to file a complaint. Other violations included failure to provide receipts to customers that contain information such as the cashier's name and license number or the amount of the

Continued, page 12



## DECEPTIVE ADVERTISING...

### Amesbury Vision Care to Stop Deceptive Ads

 Last summer, an agreement was reached with Amesbury Vision Care to stop its allegedly deceptive advertising of a "two-for-one" sale that does not apply to those whose insurance company pays for their glasses. The agreement prevents the eyeglass store or its doctors from advertising that they will provide two pairs of eyeglasses for the price of one without clearly and conspicuously disclosing material restrictions on the deal. The assurance of discontinuance alleged that Amesbury Vision Care had been advertising a "two-for-one" deal without disclosing that a free pair of glasses was not available to consumers who purchased the initial pair through insurance. The owners of the company cooperated with the AG's office to correct their ads and also agreed to pay a \$750 penalty.

### Agreement Reached with Brockton Auto Dealer over Alleged Misleading Ads

The Consumer Protection and Antitrust Division reached an agreement with a Brockton auto dealer to stop its alleged misleading advertising. The agreement prohibits Copeland Toyota from engaging in misleading advertising practices and requires the payment of \$2,500 in attorneys fees and costs to the AG's office.

The alleged violations included:

- Advertising that motor vehicles would be sold at or below dealer invoice price without disclosing the exact invoice price and the price at which the vehicle was offered for sale;
- Advertising the sale of motor vehicles without clearly and conspicuously disclosing the expiration date of the sale;
- Advertising used motor vehicles for sale without clearly and conspicuously disclosing that: the vehicles were used; the stock numbers of the vehicles; and that the vehicles were former lease or daily rental cars.

The AG's office seeks to correct advertising policies to ensure that consumers fully understand exactly what kind of car they will get at what price without having to read between the lines.

### Chicopee Used Car Dealer Sued for Deceptive Sales Tactics

Prospect Auto Sales of Chicopee was sued by the AG's office for allegedly engaging in several deceptive practices in the business of selling and leasing used cars, including failing to honor warranties and failing to tell prospective buyers of auto defects.

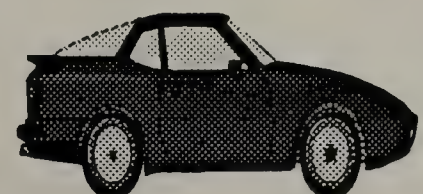
The complaint alleges that the defendants failed to deliver to consumers the titles to cars sold, failed to honor warranties, financed the sale of cars without a proper license and failed to reveal car defects to potential buyers. The suit was filed following more than 50 complaints to the AG's office that allege a total of over \$49,000 in injuries to consumers. AG Harshbarger is seeking restitution for the consumers, as well as civil penalties against the defendants and a permanent injunction ensuring no such future violations.

### Complaint Filed Against South Shore Used Car Dealers

The AG's Consumer Protection and Antitrust Division filed a complaint against three individuals who allegedly operated a used car dealership without a license for over a four-year period. Operators of Specialty Cars of New Hampshire, the three allegedly:

- Advertised cars for sale in Boston area newspapers and magazines without revealing the name and address of the sellers, giving the appearance that the ads were from a private party rather than a dealer;
- Did not maintain a place of business, but met potential buyers at South Shore locations, such as malls or gas stations;
- Often did not make it clear to consumers during negotiations that they were buying from a dealership until they read the paperwork accompanying the transaction;
- Misrepresented the condition of the cars sold, and did not offer warranties;
- Sold cars with severe mechanical and/or physical problems;
- Were not licensed to do business as used car dealers in Massachusetts or New Hampshire

Attorney General Harshbarger's complaint seeks a permanent injunction against the defendants, restitution for affected consumers and civil penalties.





## Check Cashing Co.'s Continued from page 10

check-casher's fee. The six companies with which settlements were reached are:

- \* American Check Cashing of Lynn
- \* American Check Cashing of Waltham
- \* Boston Check Cashiers
- \* Easy Check Cashing, Inc., of Springfield and Holyoke
- \* The Money Stop of Springfield
- \* Shriji Variety Store, Inc., of Framingham

In addition to the agreement to stop the alleged illegal practice and to comply with applicable regulations, the check-cashers agreed to pay penalties totalling \$4,000. Boston Check Cashers also made a contribution to the state's Local Consumer Aid Fund.

## DRUG AWARENESS FUNDRAISER BANNED FROM DOING BUSINESS IN MA

A former Shrewsbury solicitor who allegedly used deceptive tactics to raise money for distribution of a drug awareness workbook is permanently banned from raising charitable funds in Massachusetts and organizing or controlling a charity here ever again.

National Awareness Foundation allegedly falsely told potential donors that their contributions would pay for distribution into local elementary schools of a "Hugs Not Drugs" workbook published by the foundation. In fact, no schools had authorized the use of their names and few, if any, workbooks were actually distributed. In addition, the solicitors failed to disclose that they were paid fundraisers, as required by state law.

OFFICE OF THE ATTORNEY GENERAL  
ONE ASHBURTON PLACE  
BOSTON, MA 02125

*LOOK INSIDE FOR TIPS ON HOLIDAY SHOPPING AND GIVING...*















